



(a) **Master Agreements** – According to Neustar, there are seven regional contracts in effect as of the date hereof, known as the Contractor Services for NPAC/SMS (“Master Agreements”), by and between Neustar and the NAPM LLC for the creation and operation of the current NPAC/SMS. Neustar is a party to each of the Master Agreements and, as the current creator and operator of the NPAC/SMS performing as the current LNPA, is subject to all of the requirements of the Master Contracts. Article 23 of the Master Contracts requires Neustar to be a Neutral Third Party.<sup>9</sup> Under the Master Agreements, Neustar is also required to treat all users of the NPAC/SMS in an evenhanded, impartial and nondiscriminatory manner (see, for example, Articles 6-Pricing; 8-Obligations of Customer; 10-Problem Resolution; 15-Confidential Information). Neustar has been subject to the Master Agreements continuously since 1997, and thus we believe has extensive experience with achieving and maintaining continuous compliance with the Master Agreement requirements for a Neutral Third Party, and fair treatment of Users.

(b) **User Agreements** – According to Neustar, it is currently a party to NPAC/SMS User Agreements (“User Agreements”) with each user of the NPAC/SMS. The User Agreements are legal contracts governing the terms, rates and conditions for the use of the NPAC/SMS. Based upon our review of a sampling of User Agreements previously or currently in effect in each of the seven regions of the United States in which Master Agreements have been executed, except for non-substantive wording differences in the language, headings, “WHEREAS” clauses and statements of intent, the User Agreements are identical. Under the terms of all User Agreements, Neustar is required to be a Neutral Third Party.<sup>10</sup> Because the User Agreements are effectively identical and have been executed with all Users of the NPAC/SMS, each User is receiving substantially identical terms, rates and conditions for NPAC/SMS services. Accordingly, we believe the User Agreements, to which Neustar is a party, ensure that each User of the NPAC/SMS is being treated in an evenhanded, impartial and nondiscriminatory manner. Neustar has contracted with all NPAC/SMS Users and has been subject to the User Agreements for various time intervals since the late 1990s, and thus we believe has extensive experience with achieving and maintaining continuous compliance with the User Agreement requirements for a Neutral Third Party, and the fair treatment of Users.

(c) **Corporate Existence** – Neustar corporate existence is explicitly subject to neutrality. Article IV of Neustar’s Restated Certificate of Incorporation, provided at **Tab 2**,

<sup>9</sup> The Master Agreements define “Neutral Third Party” as an entity which is not: (a) a telecommunications service provider, (b) owned by, or does not own, any telecommunications service provider (excluding ownership interests of five percent or less), and (c) affiliated, by common ownerships or otherwise, with a telecommunications service provider. This definition is in harmony and does not conflict with the definition set forth in the *VQS*, but the *VQS* includes additional criteria addressing debt, revenues, influence, and other qualitative commitments to neutrality set forth in Section 3.4.

<sup>10</sup> Article 2 of the User Agreements incorporates the terms of the Master Agreements into the User Agreements, and makes the Master Agreement terms governing. The term “Neutral Third Party” is defined as explained in footnote 8, *infra*.





contains ownership restrictions expressly prohibiting ownership of certain amounts of Neustar stock by telecommunication service providers and their affiliates. These same ownership restrictions are incorporated in the actual terms stated in Neustar's Class A and Class B Common Stock Certificates, provided at **Tab 3**.

(d) **Neutrality Officer** – Neustar has created and maintains the position of “Neutrality Officer,” which serves as the Company’s single point of contact with respect to Neustar’s neutrality compliance. The Neutrality Officer reports, with respect to his or her neutrality functions, directly to the Neutrality Committee of the Neustar Board of Directors. Among other duties, the Neutrality Officer conducts and closely supervises annual neutrality compliance training for all members of the Neustar Board of Directors, all full-time and part-time employees, and independent contractors that the Neutrality Officer has designated, in his or her discretion, as persons directly involved in Neustar’s day-to-day operations as the LNPA.

According to Neustar, on a quarterly basis, the Neutrality Officer certifies compliance with an array of neutrality requirements that apply in connection with Neustar’s current role as the LNPA. These include: (a) maintaining all new hire, quarterly and annual neutrality certifications by all applicable Neustar employees, board members and designated contractors; (b) providing to each Neustar employee, board member and designated contractor the list of all telecommunications service providers produced by the FCC; (c) ensuring that the Neustar Code of Conduct is posted at all Neustar locations; (d) maintaining records of any written complaint submitted to Neustar alleging discrimination or favoritism by Neustar in any of its LNPA operations or services; (e) reporting whether there were any such complaints or and instances of non-conformance with the Neustar Neutrality Procedures; (f) confirming and certifying that there have been no violations of the Neustar Code of Conduct; and (g) confirming and certifying that Neustar is in compliance with its Master Agreement obligations regarding Intermodal Ported Telephone Number Identification Service and Local Number Portability Enhanced Analytical Platform (“LEAP”) Service, in connection with its LNPA service obligations.

We found that the Neustar Neutrality Officer has successfully performed these quarterly activities continuously since 2003, except that the Intermodal Ported Telephone Number Identification Service and LEAP Service certifications began at the inception of these services in 2004, and 2007, respectively. This finding is based upon our review of quarterly written certifications made by the Neutrality Officer as to each of these activities, and our review of each activity conducted in the course of the 10 LNPA Neutrality Audits, described more fully below, conducted during 2002 – 2012.

(e) **Neutrality Committee** – The Neustar Board of Directors has created and maintains a Neutrality Committee, comprised of the Chief Executive Officer of Neustar (if he or she is a member of the Board, or if not, the Chairman of the Board) and two unaffiliated independent directors. The Committee was one of three committees established by the Neustar Board of Directors at the time of Neustar’s inception and has operated continuously since January of 2000 (resolution enclosed herewith at **Tab 4**).





All of these contractual relationships, arrangements and other factors establish a documented record of long-term, uninterrupted, and full compliance with all applicable neutrality requirements that have applied to Neustar in connection with its role during 2002 to the present as the LNPA. Based upon our review, there are no contracts or other agreements that conflict with or otherwise contradict the terms of these aforementioned contractual relationships, arrangements and other factors.

**(7) Policies and Procedures Ensuring Neutrality**

For the reasons stated below, it is our legal opinion that Neustar has demonstrated an understanding and willingness to implement policies and procedures that will ensure satisfaction of the neutrality criteria and requirements set forth in the *RFP Documents*. Our legal opinion is based on the following:

(a) **Neutrality Audits** – Pursuant to FCC Order,<sup>11</sup> Neustar has submitted to quarterly neutrality audits conducted by an outside neutral third party auditor. Fifty (50) neutrality audits have been conducted since 2000. The neutrality audits have investigated the neutrality of Neustar in its role as the LNPA, together with two other roles as the North American Numbering Plan Administrator (“NANPA”) and Pooling Administrator (“PA”). The neutrality audits are based upon the Neustar Neutrality Procedures, which provide a plan for the implementation of, and compliance with, the Neustar Code of Conduct and the neutrality regulations of the NANPA and PA.

In the course of each audit, Neustar is required to provide, among other documents: (a) neutrality compliance certifications from each employee, board member and executive officer; (b) a management assertion of neutrality letter; (c) new hire certifications; (d) the results of the annual neutrality tests given to every Neustar employee; (e) local number portability enhanced analytical platform service agreements and NPAC/SMS end user service agreements, (f) neutrality certifications from each five percent or greater shareholder of Neustar’s outstanding stock, (g) notices to the FCC of any organizational and board changes, and (h) Neustar debt and revenue information. The auditor also examines access to the NPAC/SMS and its security procedures.

The auditor then conducts extensive internal review of the audit proceedings, findings and reports to ensure all appropriate audit procedures were followed. The auditor’s report is reviewed by Neustar’s Board of Directors Neutrality Audit Committee and takes corrective action, if necessitated by the audit results. The full Neustar Board of Directors reviews the audit results for independence, integrity, accuracy and irregularities, and certifies its acceptance of the

<sup>11</sup> *Request of Lockheed Martin Corporation and Warburg, Pincus & Co. for Review of the Transfer of Lockheed Martin Communications Industry Services Bureau, 14 FCC Rcd. 19792 (1999).*



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audit report by attesting and delivering it to the FCC's Wireline Competition Bureau, the NANC and the NAPM LLC.

In all 50 prior neutrality audits, Neustar has been determined to have complied with the Neustar Neutrality Procedures, the FCC's Neutrality Regulations, and the Neustar Code of Conduct.<sup>12</sup>

**(b) LNPA Neutrality Audits** – Neustar has submitted to periodic reviews of its neutrality in the operation of the NPAC/SMS, on a semi-annual, annual or biennial basis, since July 1, 2002. The LNPA Neutrality Audits have been conducted separate from the quarterly Neutrality Audits described in (1) above, and by a different outside neutral third party auditor.<sup>13</sup> The LNPA Neutrality Audit results in the issuance of a final report to both Neustar and the NAPM LLC containing: (a) legal opinions on Neustar's LNPA-related compliance with Item Nos. 5-8 of the Neustar Code of Conduct, and (b) a series of factual judgments on: (i) Item Nos. 1-4 of the Neustar Code of Conduct, and (ii) certain further neutrality obligations agreed upon by Neustar and NAPM LLC. The Neustar Code of Conduct and the further neutrality obligations are provided at **Tab 5**.

The LNPA Neutrality Audits were expanded in scope in 2004 and 2007 to include neutrality reviews of Intermodal Ported Telephone Number Identification Service and LEAP Service, respectively. These expansions were required by Amendment Nos. 48 and 53 to the Master Agreements, respectively.

There have been ten (10) LNPA Neutrality Audits conducted by the outside neutral third party auditor since July 1, 2002. In all such Audits, Neustar has been determined to have complied with the Neustar Code of Conduct and the further neutrality obligations.

**(c) New User Evaluator Process** – New User Evaluator ("NUE") audits have been performed by TMNG since 2009 on both a periodic and ad-hoc basis. Under this process, first introduced by Amendment No. 62 to the Master Agreements, Neustar no longer evaluates the initial, intended use of User Data proposed by applicants that are attempting to become NPAC/SMS Users if those applicants self-identify as providers of telecommunications-related services, which use is now reviewed by the NUE. Also, all services (including those resulting from acquisitions and mergers, as well as those modifications to existing services) that depend

<sup>12</sup> Each of the audit reports asserts that it is solely for the information and use of the Board of Directors and management of Neustar and the FCC, and is not intended to be used for any other purpose. The reports and their conclusions are noted in this Legal Opinion for informational purposes. We note that the reports are a matter of public record and their distribution is not limited.

<sup>13</sup> As stated in the introductory section of this Legal Opinion, the auditor conducting the LNPA neutrality audits since 2002 has been the law firm of DLA Piper LLP (US).





on access to the NPAC/SMS or use of User Data from the NPAC/SMS are reviewed by the NUE for compliance with certain requirements, *e.g.*, whether Neustar's use of User Data constitutes a "permitted use," and whether Neustar as User is accessing the same User Data as other Users.

**(d) Neustar Neutrality Compliance Policies and Procedures** – In connection with its current role as the LNPA, NANPA and PA, Neustar has initiated and implemented an array of policies and procedures in a comprehensive program known as the Neustar Neutrality Compliance Program. According to Neustar, this is designed to achieve and maintain all applicable neutrality requirements in Neustar's three roles. These policies and procedures include the following:

- Neustar Neutrality Compliance Procedures
- Neustar Neutrality Compliance Program Methods & Procedures
- Neustar Neutrality Compliance Training (for new employees and annually for existing employees)
- New Employee Neutrality Compliance Certification (for new employees and quarterly for existing employees)

Based upon our review of these policies and procedures, the Neustar Neutrality Compliance Program was implemented in 2000 and has been in place and implemented continuously since its inception. The Program contains such elements as new hire orientation, annual neutrality compliance training for all Neustar employees, and quarterly neutrality certifications for Neustar board members, designated contractors and employees. In connection with the quarterly neutrality certifications, it is notable that Neustar management or employees certify on a quarterly basis the following: (a) that Neustar is neutral (Neustar Report of Management on Compliance); (b) that Neustar has performed LNPA services on a nondiscriminatory basis, safeguarded LNPA databases and other proprietary information, did not issue a majority of its debt to, or derived a majority of its revenue from, any single Telecommunications Service Provider, and that no Telecommunications Service Provider owned or controlled a ten percent or greater equity or voting interest in Neustar or possessed the power to direct the management and policies of Neustar (Neustar Management Compliance Certification); (c) that there were no complaints submitted to Neustar alleging discrimination by Neustar and that the Neustar Code of Conduct is appropriately posted in all Neustar offices, (Neustar Neutrality Officer Compliance Certification); and (d) that the Neustar Code of Conduct has been complied with by each executive officer member of Neustar (Neustar Executive Officer Certification). All these certifications have been made quarterly and continuously since 2000, except that the Neustar Executive Officer Certifications began in 2006.

**(e) Neustar Code of Conduct and Related Neutrality Obligations** – In connection with its current role as the LNPA, Neustar abides by a Code of Conduct, together with a set of



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further neutrality obligations agreed to by Neustar and the NAPM LLC. The Code of Conduct arose from the FCC's Order in CC Docket No. 92-237 and NSD File No. 98-151, FCC 99-346, released on November 17, 1999. The further neutrality obligations arose as a result of negotiations between the predecessors of NAPM LLC and Neustar that resulted in a letter of agreement between the parties on or about November 21, 2002. Since July 1, 2002, Neustar has been evaluated on its compliance, and has been found to have complied, with the Code of Conduct and the further neutrality obligations in the 10 LNPA Neutrality Audits conducted by the outside neutral third party auditor. The neutrality requirements set forth in the Code of Conduct and the further neutrality obligations are provided at **Tab 5**.<sup>14</sup>

We believe that all of these compliance policies and procedures establish a documented record of long-term, uninterrupted, and full compliance with all applicable neutrality requirements that have applied to Neustar in connection with its role as the current LNPA.

\* \* \* \* \*

We hereby authorize and consent to the reliance upon this Legal Opinion by the FCC, the NAPM LLC and the FoNPAC Subcommittee for purposes of evaluating the neutrality of Neustar pursuant to the VQS. This Legal Opinion may not be relied upon, or quoted in whole or in part, or otherwise referred to in any public forum or document, by any other entity or person for any purpose without the prior mutual consent of us and the FCC, the NAPM LLC and the FoNPAC Subcommittee.

This Legal Opinion is given as of March 25, 2013, and we expressly disavow any responsibility to advise you of any changes hereto that may be necessary or advisable as the result of information coming to our attention after March 25, 2013.

Very truly yours,

*DLA Piper LLP (US)*

DLA PIPER LLP (US)

<sup>14</sup> Pursuant to agreement between Neustar and NAPM LLC, since 2002 Neustar has been evaluated on Items 1-8 in the Code of Conduct, and at least Items 1, 3 and 7 of Exhibit A (the further neutrality obligations), in the LNPA Neutrality Audits.

**Attachment 2**

**Redline Comparison of  
DLA Piper Legal Opinion  
With  
Legal Opinion of Carville Collins**



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March 25, 2013<sup>1</sup>

**Via InstaTool**

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North American Portability Management LLC  
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MC: HQE02N40  
Irving, Texas 75038

Members of the NAPM LLC and its  
Future of NPAC Subcommittee

**Re: 2015 LNPA Vendor Qualification Survey Legal Opinion – NeuStar, Inc.**

Ladies and Gentlemen:

Pursuant to Sections 3.4 and 3.5 of the 2015 LNPA Vendor Qualification Survey (“VQS”) issued by the Future of NPAC (“FoNPAC”) Subcommittee of the North American Portability Management LLC (“NAPM LLC”) on February 5, 2013 for the selection of a vendor

<sup>1</sup> At the request of NeuStar, Inc. (“NeuStar”), on March 25, 2013, a partner of the law firm of DLA Piper LLP (US) (“DLA Piper”), Carville B. Collins, Esq. issued his Legal Opinion substantiating the neutrality of NeuStar in response to the VQS (as hereinafter defined). At the subsequent request of NeuStar, DLA Piper now reissues Mr. Collins’ Legal Opinion as the Legal Opinion of DLA Piper, as of March 25, 2013, in substantially the same form as that which was issued by Mr. Collins, but in the form and subject to the standards of a legal opinion of the law firm. While none of Mr. Collins’ conclusions are reversed or otherwise modified herein, some of his language substantiating or explaining the Legal Opinion has been revised. Mr. Collins and the other lawyers within DLA Piper who participated in DLA Piper’s reissuance of this Legal Opinion as the Legal Opinion of DLA Piper are each licensed and in good standing to practice law in the State of Maryland.



to serve as the next local number portability administrator ("LNPA"),<sup>1-2</sup> we hereby provide to the Federal Communications Commission ("FCC"), the NAPM LLC and the FoNPAC a legal opinion ("Legal Opinion") substantiating the neutrality of NeuStar, Inc. ("Neustar").

For purposes of this Legal Opinion, Iwe have examined and relied upon such materials and information available to meus, as more specifically described below (collectively, the "Examined Documents"). Also for purposes of this Legal Opinion, Iwe have considered such matters of law and the published and effective rules, policies, orders, decisions and reports of the FCC and of fact as I (without independent verification) as we have deemed appropriate as a basis for this Legal Opinion.

In rendering this Legal Opinion, Iwe have assumed without investigation: (i) the authenticity and completeness of the Examined Documents submitted to meus by Neustar for myour examination, whether or not they were submitted to meus as originals, (ii) the authenticity of any signatures and the legal capacity of any persons executing such documents, (iii) the conformity to authentic original documents of all Examined Documents submitted to meus as copies, (iv) the accuracy and completeness of all records made available to meus by Neustar (except as otherwise stated herein), and (v) the validity and binding effect of all the Examined Documents upon the parties thereto.

IWe have no Actual Knowledge (as that phrase is explained below) of any factual information that has led meus to conclude that the Examined Documents contain any untrue statement of a material fact, or omit to state a fact whose inclusion therein would be required in order to render the statements contained therein not materially misleading in the context in which such statements were made, except to the extent that any such statements conflict with or are modified by matters specifically addressed herein.

This Legal Opinion is limited strictly to the matters discussed herein, and Iwe express no opinion with respect to any law, statute, rule, regulation, ordinance, decision, judgment, decree, legal requirement, legal authority or factual matter whatsoever.

This Legal Opinion constitutes a written communication delivered to the FCC, the NAPM LLC and the FoNPAC for the purpose of responding to the VQS and for use in connection with an evaluation of Neustar pursuant to an RFP. ~~I am a lawyer licensed and in good standing to practice law in the State of Maryland. My law firm, DLA Piper LLP (US), and~~

<sup>1</sup>. On February 5, 2013, the FoNPAC made a set of Request for Proposal (RFP) documents available to potential vendors. The RFP documents include a Vendor Qualification Survey ("VQS"), a Technical Requirements Document ("TRD") and a Request for Proposal. ("RFP"). Hereinafter, these documents will collectively be referred to as the "RFP Documents."

<sup>2</sup> On February 5, 2013, the FoNPAC made a set of Request for Proposal (RFP) documents available to potential vendors. The RFP documents include a Vendor Qualification Survey ("VQS"), a Technical Requirements Document ("TRD") and a Request for Proposal. ("RFP"). Hereinafter, these documents will collectively be referred to as the "RFP Documents."

~~I have~~ has conducted the LNPA neutrality audits since 2002 as the auditor mutually agreed upon by Neustar and the NAPM LLC. During these prior 10 years, we have developed some level of expertise on number administration neutrality matters generally. ~~Neither the law firm nor I~~ We ~~do not~~ provide legal services to Neustar other than those provided in connection with the LNPA neutrality audits and this Legal Opinion.

Paragraphs 1b, 1c and 2 of Section 3.4 of the *VQS* inquire about the existence and activity of affiliates of Neustar. To the extent these inquiries ask about affiliates based on ownership interests in Neustar, ~~I we~~ we have undertaken a review of ownership of Neustar capital stock during the period January, 2012 through March, 2013. This review consisted of ~~myour~~ our examination of Schedules 13D and 13G filed with the U.S. Securities and Exchange Commission (the "SEC") with respect to ownership of Neustar securities during the review period and lists prepared by a third-party vendor, Thomson Reuters, of the 100 largest shareholders of Neustar stock, based on the vendor's market research. In an abundance of caution, ~~I we~~ we elected to review additional historical information on Neustar shareholders consisting of two more years of data, from these same SEC Schedules and Thomson Reuters lists. Thus, in all ~~myour~~ our reviews of Neustar stock ownership referenced in this Legal Opinion, ~~myour~~ our examination covers a look-back period of more than 3 years, from January, 2010 through March, 2013.

This Legal Opinion constitutes a third party legal opinion governed by and subject to the Restatement (Third) of the Law Governing Lawyers. This Legal Opinion is also governed by, and shall be interpreted in accordance with, the Legal Opinion Accord of the American Bar Association Section of Business Law (1991) ("Accord"), and as such, ~~mythis~~ this Legal Opinion is subject to a number of qualifications, exceptions, and limitations, all as more particularly described in the Accord, and should be read in conjunction therewith. As such, ~~mythis~~ this Legal Opinion is subject to ~~mythe~~ the Actual Knowledge, as defined in the Accord, ~~that is, of Carville Collins, Esq. and only includes~~ the conscious awareness of facts or other information by me Carville Collins, Esq. and does not include matters with respect to which other lawyers at DLA Piper LLP (US) could be deemed to have constructive knowledge.

### **Legal Opinion Summary**

For the reasons stated below and based on the Examined Documents, it is ~~myour~~ our legal opinion that Neustar, a non-governmental entity, is impartial and is not aligned with any particular telecommunications industry segment, and ~~eanthat Neustar has the procedures in place to~~ assure that access to the NPAC/SMS for all qualified users is at all times evenhanded, impartial and nondiscriminatory. ~~It is my~~ For the reasons stated below and based on the Examined Documents, it is our further legal opinion that Neustar is currently a Neutral Third Party as that term is defined in Section 3.4 of the *VQS*, and based on Neustar's existing neutrality practices and procedures, Neustar can at all times remain a Neutral Third Party. Moreover, Neustar has informed us that it does not intend to engage or include any subcontractors in providing the services requested in the *RFP Documents*. ~~It is my~~ For the reasons stated below and based on the Examined Documents, it is our further legal opinion that the absence of such



subcontractors eliminates any concern regarding the Neutral Third Party status of any subcontractor.

~~I~~We first opine on the enumerated neutrality requirements set forth in the *VQS*, followed by ~~my~~our opinions on other neutrality requirements and considerations outlined in the *VQS*.

### **Numbered VQS Neutrality Requirements**

#### **(1) a. Neustar is Not a Telecommunications Service Provider.**

~~It is my~~For the reasons stated below and based on the Examined Documents, it is our legal opinion that Neustar does not qualify under any of the three forms of Telecommunications Service Provider set forth in Section 3.4 of the *VQS*.

First, in connection with facilities-based wireline local exchange service, for the reasons stated below, Neustar does not possess the requisite authority to engage in the provision to the public of facilities-based wireline local exchange service in any State or Territory of the United States. According to Neustar, it has not been issued, nor has it applied for, a Certificate of Public Necessity and Convenience ("CPCN") or any similar authorization, license or approval issued by a state public utility commission for the provision of facilities-based wireline local exchange service. This is verified by the FCC Form 499 Filer Database ("FCC 499 List"), which contains a current list of all providers of any telecommunications service in any state or territory of the United States.<sup>23</sup> Based solely on my~~our~~ review of the FCC 499 List as of September, 30, 2012, December 31, 2012, and March 25, 2013, Neustar is not on the FCC 499 List as a provider of any telecommunications service in any state or territory of the United States, including facilities-

<sup>23</sup> The list of 499 filers is an important tool to ensure compliance with telecommunications numbering neutrality rules because it is the most comprehensive list of the providers of telecommunications services of which Neustar is aware. The instructions for the 2012 Form 499-A explain that "[w]ith very limited exceptions, all intrastate, interstate, and international providers of telecommunications in the United States must file this Worksheet. Telecommunications providers that are contributors to any of the support mechanisms, including USF, TRS, NANPA, or LNPA, must file this Worksheet." The instructions continue by stating that "the term 'interstate telecommunications' includes, but is not limited to, the following types of services: wireless telephony, including cellular and personal communications services (PCS); paging and messaging services; dispatch and operator services; mobile radio services; access to interexchange service; special access; wide area telecommunications services (WATS); subscriber toll-free and 900 services; message telephone services (MTS); private line; telex; telegraph; video services; satellite services; resale services; Frame Relay services; asynchronous transfer mode (ATM) services; Multi-Protocol Label Switching (MPLS) services; audio bridging services; and *interconnected VoIP services*." (*emphasis added*). The instructions also explain that "[a]ll providers of 'non-interconnected VoIP service' . . . with interstate end-user revenues subject to TRS contributions must file this Worksheet in order to register with the Commission and report their revenues for purposes of calculating TRS contributions." *2012 Telecommunications Reporting Worksheet Instructions (FCC Form 499-A)*, Approved by OMB 3060-0855, available at <http://www.fcc.gov/document/2012-form-499-instructions> at 2 (footnotes omitted). Thus, the list of 499 filers includes wireline and wireless telecommunications service providers, interconnected VoIP providers and even non-interconnected VoIP providers.

based wireline local exchange service or any other local exchange service. Moreover, as noted in footnote 2, all providers of facilities-based wireline local exchange service are required to file Form 499-A with the FCC, and as the date hereof, according to Neustar, it has not filed Form 499-A with the FCC, nor is it required to do so.

Also in connection with facilities-based wireline local exchange service, it should be noted that in its role as the North American Numbering Plan Administrator ("NANPA") and National Thousands-block Pooling Administrator ("PA"), Neustar is permitted to issue telephone numbers or central office codes only to entities that can, among other things, demonstrate that they have the requisite authority to provide service in the area in which they are seeking numbers or codes. In accordance with guidelines established by the Industry Number Council, such authority for facilities-based wireline local exchange service providers can be demonstrated by a CPCN or other similar document. Accordingly, Neustar has demonstrated that it is familiar with all of the ways in which the requisite authority to provide such services can be obtained and documented. According to Neustar, it does not possess, nor is it seeking, any such authority.

Second, in connection with Commercial Mobile Radio Service ("CMRS") telecommunications service, for the reasons stated below, Neustar does not possess the requisite authority to engage in the provision to the public of CMRS telecommunications services in any state or territory of the United States. According to Neustar, it has not been issued, nor has it applied for, any radio license or any similar authorization or approval issued by the FCC for the provision of CMRS telecommunications service. This is verified by a review of the licenses issued by the FCC through its Universal Licensing System ("ULS"), which is available at <http://wireless2.fcc.gov/UlsApp/UlsSearch/searchLicense.jsp>. A~~Our~~ search of the FCC's ULS as of March 25, 2013 indicates that no license is held by Neustar.

In addition, ~~I~~we reviewed the FCC 499 List, which contains a current list of providers of any telecommunications service in any state or territory of the United States. Based solely on ~~my~~our review of the FCC 499 List as of September 30, 2012, December 31, 2012, and March 25, 2013, Neustar is not on the FCC 499 List as a provider of any telecommunications service in any state or territory of the United States, including CMRS or any form of cellular, PCS or other mobile service. Moreover, all providers of CMRS telecommunications service are required to file Form 499-A with the FCC, and as of the date hereof, according to Neustar, it has not filed Form 499-A with the FCC, nor is it required to do so.

Also in connection with CMRS telecommunications service, it should be noted that in its role as the NANPA and PA, Neustar is permitted to assign telephone numbers or central office codes only to entities that can, among other things, demonstrate that they have the requisite authority to provide service in the area in which they are seeking numbers or codes. Per guidelines established by the Industry Number Council, such authority for CMRS service providers can be demonstrated by a radio license or other similar document. Accordingly, Neustar has demonstrated that it is familiar with all of the ways in which the requisite authority



to provide such services can be obtained and documented. According to Neustar, it does not possess, nor is it seeking, any such authority.

Third, in connection with interconnected Voice over Internet Protocol ("VOIP") service, for the reasons stated below, Neustar does not qualify as a Class 1, Class 2 or Class 3 interconnected VOIP provider, as those classes of providers are defined in the *VQS*. A Class 1 VOIP provider is described as obtaining numbering resources directly from the NANPA and the PA. As the NANPA and PA, Neustar requires that a VOIP provider demonstrate evidence of an order from the FCC indicating that the provider is authorized to obtain numbering resources directly from the NANPA or PA. According to Neustar, the FCC has not issued any order authorizing Neustar to receive numbering resources directly from the NANPA or PA for the provision of VOIP services. The *VQS* indicates that Class 2 and Class 3 VOIP providers obtain numbering resources and Public Switched Telecommunications Network ("PSTN") connectivity through a Telecommunications Service Provider partner or through another interconnected VOIP provider, respectively. Such arrangements would require contractual agreements with Telecommunications Service Providers or with interconnected VOIP providers. According to Neustar, it has no such agreements with Telecommunications Service Providers or interconnected VOIP providers to obtain numbering resources or PSTN connectivity. In addition, all interconnected VOIP providers are required to file Form 499-A with the FCC, and as of the date hereof, according to Neustar, it has not filed Form 499-A with the FCC, nor is it required to do so.

**(1) b. Neustar is Not Owned By, and Does Not Own, Any Telecommunications Service Provider.**

~~For the reasons stated below, it is my~~our legal opinion that Neustar is not owned by, and does not own, any Telecommunications Service Provider. ~~My~~Our legal opinion on this matter is based solely upon ~~my~~our review of: (1) lists of shareholders of Neustar stock during the period January, 2010 through March, 2013; (2) Schedules 13D and 13G filed with the SEC related to the ownership of Neustar securities during the period January, 2010 through March, 2013; (3) an organizational chart listing all Neustar-owned entities, subsidiaries and other holdings of Neustar as of March 25, 2013; ~~(34)~~ the FCC 499 List; ~~(45)~~ certain Neustar certifications since 2006, and ~~(56)~~ the 10 percent threshold definition of ownership set forth in paragraph (1) b. of section 3.4 of the *VQS*.

~~Based on the above examined documents, in~~ connection with owners of Neustar stock, no person or entity has held more than 10 percent of the stock of Neustar during the period January, 2010 through March, 2013. ~~We~~ note that the largest single shareholder of Neustar stock during this period, based on Schedules 13D and 13G filed with the SEC related to the ownership of Neustar securities during the review period, was PRIMECAP Management Company, an investment advisor that held 9.64 percent of Neustar stock. Thus, no Telecommunications Service Provider or any other entity qualifies as an owner of Neustar- for purposes of paragraph (1) b. of section 3.4 of the *VQS*.

In connection with all Neustar-owned entities, subsidiaries and other holdings of Neustar as of March 25, 2013, none are on the FCC 499 List. The organizational chart listing each entity, subsidiary and other holding owned by Neustar is provided at **Tab 1**. Thus, based on the foregoing, Neustar does not own any entity that qualifies as a Telecommunications Service Provider.

~~I~~We have also reviewed the Neustar Management Compliance Certifications executed in writing by the Chief Executive Officer of Neustar on a quarterly basis since 2006. These documents, submitted to auditors for neutrality review purposes, certify that Neustar has no actual knowledge of being owned or controlled (by virtue of a 5 percent or more interest) by any Telecommunications Service Provider, and has not acquired any equity interest in any Telecommunications Service Provider.<sup>34</sup>

**(1) c. Neustar is Not an Affiliate, by Common Ownership or Otherwise, of a Telecommunications Service Provider.**

~~For the reasons stated below, it is my~~our legal opinion that Neustar is not an affiliate, by common ownership or otherwise, of a Telecommunications Service Provider. ~~My~~Our legal opinion on this matter is based solely upon: (1) lists of shareholders of Neustar stock during the period January, 2010 through March, 2013; (2) Schedules 13D and 13G filed with the SEC related to the ownership of Neustar securities during the period January, 2010 through March, 2013; (3) an organizational chart listing all Neustar-owned entities, subsidiaries and other holdings of Neustar as of March 25, 2013; ~~(34)~~ the FCC 499 List; ~~(45)~~ certain Neustar certifications since 2006, and ~~(56)~~ the 10 percent threshold definition of affiliation set forth in paragraph (1) c. of section 3.4 of the *VQS*.

In connection with entities that have an ownership interest in Neustar, by virtue of Neustar's current status as a publicly traded company, the only existing ownership interests are in the stock of the corporation. ~~I~~We note that the corporate form of Neustar is a Delaware corporation, and thus there is no partnership interest, joint venture participation, or limited liability company member interest in Neustar. ~~No~~Based on the above examined documents, no person or entity has held more than 10 percent of the stock of Neustar during the period January, 2010 through March, 2013. ~~I~~We note that the single largest shareholder of Neustar stock during this period, based on Schedules 13D and 13G filed with the SEC related to the ownership of Neustar securities during the review period, was PRIMECAP Management Company, an

<sup>34</sup> The Neustar Management Compliance Certifications arose in response to the FCC's 2004 Order imposing certain conditions to ensure neutrality. *In the Matter of North American Numbering Plan Administration NeuStar, Inc. Request to Allow Certain Transactions Without Prior Commission Approval and to Transfer Ownership*, CC Docket No. 92-237, Order, 16922, para. 22 (2004). The Certifications also reference an exception to the ownership or control limit of five percent by any Telecommunications Service Provider or its affiliate to account for the prior ownership interest of Warburg Pincus. That ownership interest ended on or before Neustar's initial public offering in 2005, and thus this exception has had no application to the Certifications after that date.



investment advisor that held 9.64 percent of Neustar stock. Thus, no Telecommunications Service Provider or any other entity qualifies as a Neustar affiliate by virtue of holding an ownership interest in Neustar.

In connection with ownership interests held by Neustar, ~~these are comprised entirely of subsidiaries owned by Neustar~~, as set forth on the Neustar organizational chart provided at **Tab 1**. ~~All these are comprised entirely of subsidiaries owned by Neustar~~. Based on the organizational chart, all entities qualifying as affiliates but one CONFIDENTIAL are 100-percent owned by Neustar. None of these entities, including CONFIDENTIAL, is on the FCC 499 List, and thus, none are Telecommunications Service Providers. In addition, based on the above examined documents, no Telecommunications Service Provider owns 10% or more of CONFIDENTIAL so it is not a Telecommunications Service Provider affiliate.

In connection with voting power on any matter involving the actions of Neustar, voting power of shareholders is determined exclusively by stock ownership. Since no shareholder held more than 10 percent of Neustar's stock during the period January, 2010 through March, 2013 based on the above examined documents, no shareholder qualifies as an affiliate by virtue of voting power.

In connection with the power to direct or cause the direction of management and policies of Neustar, only the shareholders, directors and management of Neustar may have such power. To ~~my~~your Actual Knowledge, and according to Neustar, there are no contracts, agreements, voting rights, or other arrangements whereby any entity, including any Telecommunications Service Provider, has the power to direct the management or policies of Neustar.

I~~We~~ have also reviewed the Neustar Management Compliance Certifications executed in writing by the Chief Executive Officer of Neustar on a quarterly basis since 2006. These documents, submitted to auditors for neutrality review purposes, certify that Neustar has no actual knowledge of being owned or controlled (by virtue of a 5 percent or more interest) by any Telecommunications Service Provider, or of possession by any Telecommunications Service Provider of the power to direct the management and policies of Neustar. <sup>45</sup>

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<sup>45</sup> The Neustar Management Compliance Certifications arose in response to the FCC's 2004 Order imposing certain conditions to ensure neutrality. *In the Matter of North American Numbering Plan Administration NeuStar, Inc. Request to Allow Certain Transactions Without Prior Commission Approval and to Transfer Ownership*, CC Docket No. 92-237, Order, 16922, para. 22 (2004). The Certifications also reference an exception to the ownership or control limit of five percent by any Telecommunications Service Provider or its affiliate to account for the prior ownership interest of Warburg Pincus. That ownership interest ended on or before Neustar's initial public offering in 2005, and thus this exception has had no application to the Certifications after that date.

**(2) Neustar or Any Affiliate of Neustar Has Not Issued a Majority of Its Debt To, Nor Derived a Majority of Its Revenues (Not Including the NPAC/SMS) From, Any Telecommunications Service Provider.**

Debt. ~~For the reasons stated below, it is my~~our legal opinion that Neustar has not issued a majority of its debt to any Telecommunications Service Provider. ~~My~~Our legal opinion on this matter is based solely upon ~~my~~our review of the following: (1) lists of all entities to which Neustar has issued debt as of September 30, 2012, January 4, 2013, January 22, 2013, and March 25, 2013, and (2) the FCC 499 List. ~~My~~Our review of the FCC 499 List was undertaken in order to determine if any of the entities to which Neustar has issued debt (as of the four dates indicated above) were on the FCC 499 List.

~~I~~We note that the lists of all entities to which Neustar has issued debt included both the holders of Neustar's debt, as well as the parties to all of Neustar's capital leases and letters of credit. These lists included stocks, bonds, securities, notes, loans, capital leases, letters of credit, and any other instrument of indebtedness, of any duration. Based upon ~~my~~our review, ~~I~~we found that Neustar has not issued a majority (greater than 50%) of its debt to a Telecommunications Service Provider, and moreover, none of Neustar's debt has been issued to a Telecommunications Service Provider as of the four dates indicated.

Revenues. ~~For the reasons stated below, it is my~~our legal opinion that Neustar has not derived a majority of its revenues (not including NPAC/SMS revenues) from any Telecommunications Service Provider. ~~My~~Our legal opinion on this matter is based solely upon ~~my~~our review of Neustar's 2012 revenue data listing the sources and amounts of all Neustar revenues received. In an abundance of caution, ~~I~~we elected to investigate further by adding to ~~my~~our review two additional years of revenue data. Thus, ~~my~~our review covers Neustar's revenue during a look-back period of calendar years 2010 – 2012, as further described below.



The revenue data for 2012 indicates that NeuStar received non-NPAC/SMS revenue from more than <sup>HIGHLY CONFIDENTIAL</sup> individual customers. The single largest of these customers provided <sup>HIGHLY CONFIDENTIAL</sup> percent of NeuStar's total non-NPAC/SMS revenue. 99.88 percent of these customers each provided less than 1 percent of NeuStar's total non-NPAC/SMS revenues in 2012.

The revenue data for 2011 indicates that NeuStar received non-NPAC/SMS revenue from more than <sup>HIGHLY CONFIDENTIAL</sup> individual customers. The single largest of these customers provided <sup>HIGHLY CONFIDENTIAL</sup> percent of NeuStar's total non-NPAC/SMS revenue. 99.82 percent of these customers each provided less than 1 percent of NeuStar's total non-NPAC/SMS revenues in 2011.

The revenue data for 2010 indicates that NeuStar received non-NPAC/SMS revenue from more than <sup>HIGHLY CONFIDENTIAL</sup> individual customers. The single largest of these customers provided <sup>HIGHLY CONFIDENTIAL</sup> percent of NeuStar's total non-NPAC/SMS revenue. 99.88 percent of these customers each provided less than 1 percent of NeuStar's total non-NPAC/SMS revenues in 2010.

~~I~~We note that ~~my~~your review of non-NPAC/SMS revenue is prompted by the express language of paragraph (2) in Section 3.4 of the VQS that specifically excludes NPAC/SMS revenues. ~~I~~We elected to review NeuStar's NPAC/SMS revenues, as well. The broad dispersal of sources of non-NPAC/SMS revenue also exists for NPAC/SMS revenue. In 2012, 99.61 percent of customers each provided less than 1 percent of NeuStar's total NPAC/SMS revenues; in 2011, 99.58 percent each provided less than 1 percent; and in 2010, 99.63 percent each provided less than 1 percent. During this 3-year period, the largest NPAC/SMS revenue source from a single customer accounted for <sup>HIGHLY CONFIDENTIAL</sup> percent of NeuStar's annual NPAC/SMS revenue.

Based on ~~my~~your review of all NeuStar revenue sources during the past three calendar years, no one revenue source provided a majority of NeuStar's revenues. Accordingly, NeuStar cannot have derived a majority of its revenues from any single Telecommunications Service Provider, or any other entity.

Affiliates. NeuStar's "affiliates," as that term is defined in Section 3.4 of the VQS, are comprised of subsidiaries of NeuStar, all of which are 100% owned by NeuStar. ~~I~~We note that by this same definition, persons or entities that own a percentage of the capital stock of NeuStar in excess of 10% of the total outstanding ownership interests in that stock would also qualify as an affiliate of NeuStar. During the period January, 2010 through March, 2013, as noted above, there has been no entity that has owned more than 10% of NeuStar's outstanding stock. Thus, no entity qualifies as an affiliate of NeuStar by virtue of stock ownership. Accordingly, the only affiliates of NeuStar are its 100%-owned subsidiaries.

In connection with the issuance of debt, based upon ~~my~~your review of NeuStar's ~~most recent~~ Form 8-K filing with the U.S. Securities and Exchange Commission SEC dated January 22, 2013, all of NeuStar's debt is issued by NeuStar. Although none of NeuStar's 100%-

owned subsidiaries have issued debt, Neustar has indicated that some of these subsidiaries serve as guarantors of the debt issued by Neustar.

In connection with the derivation of revenues, based upon ~~my~~our review of Neustar subsidiary revenue data listing the sources and amounts of all Neustar subsidiary revenues received during 2010-2012, none of Neustar's affiliates (the 100%-owned subsidiaries) have derived a majority of revenues from any Telecommunications Service Provider.

**(3) Neustar is Not Subject to Undue Influence by Parties With a Vested Interest in the Outcome of Numbering Administration and Activities, and Neustar is Not Involved in a Contractual or Other Arrangement That Would Impair its Ability to Administer the NPAC/SMS Fairly and Impartially as an LNPA or to Implement the Schedule Set Forth in the IASTA SmartSource SRM Tool, Called the FoNPAC Timeline.**

~~For the reasons stated below, it is my~~our legal opinion that Neustar is not subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities. ~~For the reasons stated below, it is my~~our further legal opinion that Neustar is not involved in a contractual or other arrangement that would impair its ability to administer the NPAC/SMS fairly and impartially as an LNPA or to implement the schedule for the NPAC/SMS deployment. ~~My~~Our legal opinion on these matters is based upon an array of neutrality requirements and circumstances that already apply to Neustar or conform to Neustar's practices as of the date hereof.

By virtue of Neustar's role as the current LNPA, Neustar is subject to the FCC's definition of the LNPA at 47 CFR 52.21(k): "The term local number portability administrator (LNPA) means an independent, non-governmental entity, not aligned with any particular telecommunications industry segment ...." In order to maintain its role as the LNPA, Neustar has complied with this definitional mandate since the inception of the LNPA in 2000. Based on ~~my~~our review of audit reports, there is no finding or inference in either the Neutrality Audits since 2000 or the LNPA Neutrality Audits since 2002<sup>56</sup> that indicates any non-compliance with this definitional mandate. Accordingly, ~~based on the foregoing, we~~ conclude that Neustar has not been, and is not being, unduly influenced by parties with a vested interest in the outcome of numbering administration.

In ~~my~~our view, whether Neustar is subject to such undue influence is best assessed by an investigation of recent revenue. ~~We~~ have reviewed a list of all of Neustar's revenue sources during the period 2010-2012, including NPAC/SMS revenues and non-NPAC/SMS revenues. Based on ~~my~~our review, ~~I~~we found that Neustar derives its revenue from an array of segments of the telecommunications industry and other sources, including, but not limited to, wireline carriers, wireless carriers, cable service providers, internet registry/registrar companies,

<sup>56</sup> The Neutrality Audits and the LNPA Neutrality Audits are fully described in Section (7) of this Legal Opinion.



advertisers and other commercial enterprises. During this period, Neustar's largest non-NPAC/SMS revenue source from a single customer accounted for <sup>HIGHLY</sup> percent of its annual non-NPAC/SMS revenue, and its largest NPAC/SMS revenue source from a single customer accounted for <sup>HIGHLY</sup> percent of its annual NPAC/SMS revenue. In this same 3-year period, more than 99 percent of Neustar's non-NPAC/SMS customers each accounted for less than one percent of Neustar's total non-NPAC/SMS revenues, and similarly, more than 99 percent of Neustar's NPAC/SMS customers each accounted for less than one percent of Neustar's total NPAC/SMS revenues.

This broad dispersal of revenue sources, together with the absence of concentration of or reliance upon any single source of revenue, leads ~~me~~<sup>us</sup> to conclude that there is no undue influence upon Neustar, and Neustar is not subject to undue influence from any one segment of the telecommunications industry or any one Telecommunications Service Provider.

In assessing whether Neustar is subject to undue influence by parties with a vested interest in numbering administration, ~~I~~<sup>we</sup> have reviewed Neustar's contracts with its major customers. Significantly, ~~I~~<sup>we</sup> find no contract or other legal obligation for Neustar to operate any Telecommunications Service Provider's network, or to be involved in numbering administration on behalf of any entity. In response to ~~my~~<sup>your</sup> data request to Neustar made in connection with this Legal Opinion, Neustar confirmed that no such contract or other legal obligation exists as to the operation of any such network, or as to involvement in numbering administration on behalf of any entity. Thus, we believe that the ordinary influence that may be expected to arise from a Telecommunications Service Provider whose network was being operated would have no application or relevance to Neustar, as a result of the absence of such a practice by Neustar. A similar inference may arise if Neustar was involved in numbering administration ~~on~~<sup>on</sup> behalf of any entity, but here again, this has no application or relevance to Neustar, because, based on the information provided to us, Neustar has no such involvement.<sup>67</sup>

The Neustar Code of Conduct, which governs Neustar's conduct as the current LNPA, contains a number of requirements that guard against undue influence by parties with a vested interest in the outcome of numbering administration and activities. For example, Code of Conduct Item 7 states that, "No member of Neustar's board will simultaneously serve on the board of a telecommunications service provider." Based upon ~~my~~<sup>your</sup> review of quarterly

<sup>67</sup> ~~My~~<sup>Our</sup> conclusions here are based on the following definitional assumptions: (1) a "Telecommunications Service Provider" means an entity that either possesses authority to engage in the provision to the public of facilities-based wireline local exchange or CMRS in the U.S., or is one of either a Class 1, Class 2 or Class 3 interconnected VoIP provider; (2) a "network" is a wireline or wireless system that transmits telecommunications from one point to another; (3) "operating" a network means to cause the network to function, including construction and maintenance of the facilities over which telecommunications or VoIP traffic is transmitted; and (4) "numbering administration" means the management of a telephone number ("TN") inventory, such as allocating TNs to users, performing NRUF reporting, applying for numbering resources, and representing a Telecommunications Service Provider on industry numbering panels (and does not include providing an entity with the tools so that the entity can manage its own numbering inventory).

certifications since 2002 of all Neustar Directors and the FCC 499 List, no Neustar Director is a member of a board of directors of any Telecommunications Service Provider, and no Neustar Director has been a member of such a board during the period 2002-2013.

By way of further example, Code of Conduct Item 6 states that, "Warburg Pincus will not control more than 40 percent of Neustar's Board." Based upon ~~my~~our review of quarterly certifications since 2002 of all Neustar Directors, neither Warburg Pincus, nor any single shareholder or group of shareholders treated as a single entity under Section 13(d)(3) of the Securities and Exchange Act of 1934, controls or has controlled more than 40 percent of Neustar's Board.

#### **Other VOS Neutrality Requirements**

##### **(4) Neustar's Ability to Cure Deficiencies in Neutrality**

~~For the reasons stated below, it is my~~our legal opinion that Neustar has implemented substantial policies and procedures that will cure any deficiencies in neutrality. ~~My~~Our legal opinion is based on the following.

If Neustar is awarded the LNPA contract, it is reasonable to assume there will be no deficiencies in neutrality at the time of the award. This is because as the current LNPA, Neustar is required to be neutral and free of deficiencies in neutrality, by virtue of an array of neutrality requirements already applicable at the time of any contract award, including, but not limited to, the Neustar Code of Conduct, the Neustar Neutrality Procedures, the practices and policies of the Neustar Neutrality Officer and Neutrality Committee, and the periodic neutrality audits and LNPA neutrality audits to which Neustar is subjected.<sup>78</sup> If at any time subsequent to the award a deficiency in neutrality were to develop, Neustar will have in place substantially these same policies and procedures that will allow Neustar to identify and resolve any deficiency.

Neustar's record as the LNPA since 2000 demonstrates how it will cure any deficiency in neutrality, if in the future Neustar continues to serve as the LNPA as a result of being awarded the LNPA contract. Two examples during Neustar's tenure as the LNPA since 2000, described below, aptly illustrate this point. Both examples were first disclosed by Neustar in the course of the LNPA Neutrality Audits ~~we~~we have conducted since 2002 and which were reported in ~~my~~our audit reports (and thus were not disclosed just in connection with the preparation of this Legal Opinion).

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<sup>78</sup> The Neustar Code of Conduct, the Neustar Neutrality Compliance Procedures, the Neustar Neutrality Officer, the Neustar Neutrality Committee, and the periodic audits are all described in greater detail in sections (6) and (7) of this Legal Opinion.



### 2011 Neustar Stock Ownership Incident

On April 14, 2011, Neustar's Vice President of Tax received a notice of the availability of proxy materials for the annual meeting of CONFIDENTIAL, a Telecommunications Service Provider ("TSP"). According to a CONFIDENTIAL Direct Registration Account Statement sent to Neustar with the aforementioned notice, 100 shares, with a market value of \$2.32 per share or aggregate value of \$232 (as of May 27, 2011), were owned by Neustar but held by a stock transfer agent. Immediately upon receipt of this information, Neustar's Vice President of Tax notified Neustar's Neutrality Officer, who began an investigation into how Neustar acquired the stock and possible means of its disposal. On May 16, 2011, Neustar notified the FCC in writing of the foregoing and reported that because Neustar was not the holder of the stock, it would first need to acquire control of the shares from the transfer agent. On June 2, 2011, Neustar reported in writing to the FCC that on May 25, 2011 it had acquired control of the shares and immediately transferred all of the shares to charity (American Red Cross). According to Neustar and as stated in its written correspondence to the FCC, although Neustar could not confirm precisely how it came to own the shares, Neustar believes that the shares originated as shares of CONFIDENTIAL prior to CONFIDENTIAL acquisition by CONFIDENTIAL, and that a company acquired by Neustar held CONFIDENTIAL shares but did not inform Neustar at the time of acquisition, or that CONFIDENTIAL allocated the shares to Neustar as payment for a debt, even though Neustar routinely declines all such offers.

The policies and procedures that brought about a cure of any deficiency in neutrality that may have arisen from this 2011 stock ownership incident included the neutrality training of Neustar employees that led to the reporting of this incident to the Neutrality Officer; the training and capacity of the Neutrality Officer that led to immediate investigation of the incident and prevention of any actual Neustar Code of Conduct neutrality violation (ownership of the stock by a Neustar employee); the timely and frequent reporting of the incident to the FCC; the full and effective investigation of the incident which led to the implementation of Neustar safeguards to prevent a future similar occurrence in the event of an acquisition of another company by Neustar; and the reporting of the incident to neutrality auditors and governmental authorities through the issuance of the quarterly Neustar Report of Management.

### 2008 Shareholder Stock Ownership Incident

Following a letter sent by Neustar on August 27, 2008, to one of its greater-than-5-percent shareholders, that shareholder disclosed to Neustar that it had acquired more than 10 percent of CONFIDENTIAL, a TSP. The disclosure was made by Steinberg Asset Management, LLC ("Steinberg") pursuant to a periodic certification required by Neustar of all shareholders holding more than 5 percent of Neustar stock in connection with the LNPA Neutrality Audit. The disclosure certified that Steinberg had become a TSP affiliate in August of 2008 as a result of its acquisition, through a series of share purchases, of approximately 10.27 percent of the shares of CONFIDENTIAL.

Based on its investigation, Neustar discovered that Steinberg was an SEC-registered investment adviser that acquires securities of companies in the ordinary course of its advisory business where, in all cases, such acquisitions are not undertaken for the purpose of influencing control over the issuer of securities. Steinberg then certified that upon learning of the FCC requirements applicable to Neustar, Steinberg immediately established and implemented a divestiture plan to reduce the shares of <sup>CONFIDENTIAL</sup> under its control to less than 10% by the close of trading on August 30, 2008. Internal controls were also established to prevent Steinberg from inadvertently taking a 10% or greater position in <sup>CONFIDENTIAL</sup> or any other TSP while Steinberg is also a 5% or greater shareholder in Neustar. Steinberg identified no other TSP holdings that currently or previously were at or above the 10% threshold.

The policies and procedures that brought about a cure of any deficiency in neutrality that may have arisen from this 2008 stock ownership incident included the certification requirements imposed by Neustar on shareholders owning more than 5 percent of Neustar stock; the training and capacity of the Neutrality Officer that led to Neustar's immediate investigation of the incident and the eventual cure of the incident and prevention of future incidents; and the reporting of the incident to neutrality auditors through the issuance of the quarterly Neustar Report of Management.

#### **(5) The Identity and Corporate Affiliations of All Sub-Contractors**

It is ~~my~~your legal opinion that Neustar has complied with all applicable requirements concerning the disclosure of all sub-contractors as required by the *RFP Documents*, for the reasons explained below.

According to Neustar, during the entire next term of the NPAC/SMS, Neustar will not engage or include any "sub-contractor" in providing any service required by the *RFP Documents*. Neustar assigns the ordinary definition to the term "sub-contractor" in the context of the *RFP Documents*, that is, a contractor engaged to perform all or part of the obligations set forth in Neustar's NPAC/SMS contract. ~~No~~Accordingly, no contractor or any other entity will be engaged in the provision of any good or service required by the *RFP Documents* for the next NPAC/SMS.

However, Neustar does intend to engage various entities, such as third-party software and hardware vendors, to provide Neustar with goods and services needed for Neustar to assemble, deliver, operate, and support the NPAC/SMS. These vendors will function as independent contractors engaged by Neustar. Significantly, according to Neustar, it will not delegate to any such contractor any of Neustar's responsibility for providing the services required by the *RFP Documents* for the next NPAC/SMS. In other words, these contractors, although engaged by Neustar to deliver goods and services to Neustar, will stand behind Neustar and have no role in the actual provision of any NPAC/SMS service. Only Neustar will be engaged in the actual provision of NPAC/SMS services.



Because no contractor will actually be engaged in the provision of any service required by the *RFP Documents* for the next NPAC/SMS, none will be in a position to interact with users of the NPAC/SMS ("Users"). Thus, we believe that no contractor will be in a position to treat Users differently from one another, or otherwise bring about disparate or discriminatory treatment of Users. Also, according to Neustar, no contractor will have access to a User's data from the NPAC/SMS. In addition, according to Neustar, no contractor will be in communication with any User. According to Neustar, these limitations upon all contractors will be in place throughout the term of the next NPAC/SMS.

Notwithstanding myour finding that Neustar will not engage or include any contractor in providing the services required by the *RFP Documents*, Iwe elected to review a list of the 38 vendors (and type of services to be provided by each vendor) that Neustar intends to engage, under the terms and conditions described above.

Section 3.4 of the *VQS* notes that all Sub-Contractors must at all times be Neutral Third Parties. In applying the criteria for Neutral Third Parties set forth in paragraphs 1-3 of Section 3.4 of the *VQS* to the 38 vendors to be engaged by Neustar, Iwe make the following findings:

1) based upon myour review of the FCC 499 List, none of the 38 vendors are Telecommunications Service Providers;

2) as to the Neutral Third Party criteria set forth in paragraphs 1b, 1c, 2 and 3 of Section 3.4 of the *VQS*, Iwe have not conducted any investigation as to all 38 of the vendors. However, to myour Actual Knowledge, none of the 38 vendors: (a) are owned by, and none own, any Telecommunications Service Provider (as ownership is defined by Section 3.4 of the *VQS*); (b) are affiliates, by common ownership or otherwise, of a Telecommunications Service Provider (as affiliation is defined in Section 3.4 of the *VQS*); (c) has issued a majority of its debt to, nor derived a majority of its revenues from, any Telecommunications Service Provider (nor has any affiliate of the 38 vendors); (d) are subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities, or are involved in a contractual or other arrangement that would impair its ability to administer the NPAC/SMS fairly and impartially as an LNPA or to implement the schedule set forth in the IASTA SmartSource SRM Tool, called the FoNPAC Timeline; and

3) to the extent that any of the 38 vendors did actually trigger any of the criteria set forth in paragraphs 1b, 1c, 2 and 3 of Section 3.4 of the *VQS*, there would be no impairment of neutrality or Neutral Third Party status. This is because, as explained above, each of the 38 vendors stands behind Neustar and is not in any way acting as an actual provider of the services required by the *RFP Documents* for the next NPAC/SMS. Only Neustar will be providing those services. Thus, we believe there is no impairment of the ability of the LNPA to be at all times a Neutral Third Party, and no impairment of evenhanded, impartial and nondiscriminatory access to the NPAC/SMS for all qualified Users.

**(6) Contractual Relationships, Arrangements and Other Factors**

~~It~~For the reasons stated below, it is ~~my~~your legal opinion that: (1) there are a number of contractual relationships, arrangements and other factors that would enhance the ability of Neustar and any of its sub-contractors to ensure that the LNPA is at all times a "Neutral Third Party" (as that term is defined in the *VQS*), and (2) access to the NPAC/SMS for all qualified users will at all times be evenhanded, impartial and nondiscriminatory. ~~It~~For the reasons stated below, it is ~~my~~your further legal opinion that there are no contractual relationships, arrangements or other factors that would impair Neustar's ability to ensure that the LNPA is at all times a Neutral Third Party. ~~My~~Our foregoing legal opinion is based on the following:

(a) **Master Agreements** – ~~There~~According to Neustar, there are seven regional contracts in effect as of the date hereof, known as the Contractor Services for NPAC/SMS ("Master Agreements"), by and between Neustar and the NAPM LLC for the creation and operation of the current NPAC/SMS. Neustar is a party to each of the Master Agreements and, as the current creator and operator of the NPAC/SMS performing as the current LNPA, is subject to all of the requirements of the Master Contracts. Article 23 of the Master Contracts requires Neustar to be a Neutral Third Party.<sup>89</sup> ~~Under the Master Agreements, Neustar is also required to treat all users of the NPAC/SMS in an evenhanded, impartial and nondiscriminatory manner (see, for example, Articles 6-Pricing; 8-Obligations of Customer; 10-Problem Resolution; 15-Confidential Information). Neustar has been subject to the Master Agreements continuously since 1997, and thus we believe has extensive experience with achieving and maintaining continuous compliance with the Master Agreement requirements for a Neutral Third Party, and fair treatment of Users.~~

(b) **User Agreements** – ~~According to Neustar, it~~ is currently a party to NPAC/SMS User Agreements ("User Agreements") with each user of the NPAC/SMS. The User Agreements are legal contracts governing the terms, rates and conditions for the use of the NPAC/SMS. Based upon ~~my~~your review of a sampling of User Agreements previously or currently in effect in each of the seven regions of the United States in which Master Agreements have been executed, except for non-substantive wording differences in the language, headings, "WHEREAS" clauses and statements of intent, the User Agreements are identical. Under the terms of all User Agreements, Neustar is required to be a Neutral Third Party.<sup>910</sup> ~~Because the User Agreements are effectively identical and have been executed with all Users of the~~

<sup>89</sup> The Master Agreements define "Neutral Third Party" as an entity which is not: (a) a telecommunications service provider, (b) owned by, or does not own, any telecommunications service provider (excluding ownership interests of five percent or less), and (c) affiliated, by common ownerships or otherwise, with a telecommunications service provider. This definition is in harmony and does not conflict with the definition set forth in the *VQS*, but the *VQS* includes additional criteria addressing debt, revenues, influence, and other qualitative commitments to neutrality set forth in Section 3.4.

<sup>910</sup> Article 2 of the User Agreements incorporates the terms of the Master Agreements into the User Agreements, and makes the Master Agreement terms governing. The term "Neutral Third Party" is defined as explained in footnote 8, infra.



NPAC/SMS, each User is receiving substantially identical terms, rates and conditions for NPAC/SMS services. Accordingly, we believe the User Agreements, to which Neustar is a party, ensure that each User of the NPAC/SMS is being treated in an evenhanded, impartial and nondiscriminatory manner. Neustar has contracted with all NPAC/SMS Users and has been subject to the User Agreements for various time intervals since the late 1990s, and thus we believe has extensive experience with achieving and maintaining continuous compliance with the User Agreement requirements for a Neutral Third Party, and the fair treatment of Users.

**(c) Corporate Existence** – Neustar corporate existence is explicitly subject to neutrality. Article IV of Neustar’s Restated Certificate of Incorporation, provided at **Tab 2**, contains ownership restrictions expressly prohibiting ownership of certain amounts of Neustar stock by telecommunication service providers and their affiliates. These same ownership restrictions are incorporated in the actual terms stated in Neustar’s Class A and Class B Common Stock Certificates, provided at **Tab 3**.

**(d) Neutrality Officer** – Neustar has created and maintains the position of “Neutrality Officer,” which serves as the Company’s single point of contact with respect to Neustar’s neutrality compliance. The Neutrality Officer reports, with respect to his or her neutrality functions, directly to the Neutrality Committee of the Neustar Board of Directors. Among other duties, the Neutrality Officer conducts and closely supervises annual neutrality compliance training for all members of the Neustar Board of Directors, all full-time and part-time employees, and independent contractors that the Neutrality Officer has designated, in his or her discretion, as persons directly involved in Neustar’s day-to-day operations as the LNPA.

OnAccording to Neustar, on a quarterly basis, the Neutrality Officer certifies compliance with an array of neutrality requirements that apply in connection with Neustar’s current role as the LNPA. These include: (a) maintaining all new hire, quarterly and annual neutrality certifications by all applicable Neustar employees, board members and designated contractors; (b) providing to each Neustar employee, board member and designated contractor the list of all telecommunications service providers produced by the FCC; (c) ensuring that the Neustar Code of Conduct is posted at all Neustar locations; (d) maintaining records of any written complaint submitted to Neustar alleging discrimination or favoritism by Neustar in any of its LNPA operations or services; (e) reporting whether there were any such complaints or and instances of non-conformance with the Neustar Neutrality Procedures; (f) confirming and certifying that there have been no violations of the Neustar Code of Conduct; and (g) confirming and certifying that Neustar is in compliance with its Master Agreement obligations regarding Intermodal Ported Telephone Number Identification Service and Local Number Portability Enhanced Analytical Platform (“LEAP”) Service, in connection with its LNPA service obligations.

IWe found that the Neustar Neutrality Officer has successfully performed these quarterly activities continuously since 2003, except that the Intermodal Ported Telephone Number Identification Service and LEAP Service certifications began at the inception of these services in 2004, and 2007, respectively. This finding is based upon our review of quarterly written